

Message Text

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PAGE 01 KINGST 01078 122029Z

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ACTION ARA-10

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 460

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FOR KARL ACKERMAN (ARA/MGT) AND JOHN GRZYBEK (FBO)

E.O. 11652: N/A

TAGS: ASEC, ABLD, JM

SUBJECT: ACQUISITION OF NEW CHANCERY FOR AMEMBASSY KINGSTON

REF: KINGSTON 0933

1. PARA FOUR REFTTEL (WHICH PROPOSES NEGOTIATION OF LEASE FOR CHANCERY SPACE IN JAMAICA MUTUAL LIFE BUILDING) NOTED ONLY OTHER OFFICE BUILDING PRESENTLY UNDER CONSTRUCTION IN KINGSTON NOT DUE FOR COMPLETION UNTIL MID-1977. THIS PAST WEEK OWNERS (LAKE REALTY) PROVIDED A REVISED TIME-TABLE WHICH SUGGEST FULL OCCUPANCY COULD BE IN FIRST QUARTER CY 1977 (POSSIBLY AS EARLY AS JANUARY IF CONSTRUCTION REMAINS AHEAD OF SCHEDULE AS PRESENTLY IS THE CASE). OWNERS ALSO EAGER TO LEASE CHANCERY SPACE. FOLLOWING ARE RELEVANT DETAILS.

2. BUILDING, NOW ABOUT HALF-COMPLETE, IS ON KNUTSFORD BOULEVARD JUST NORTH SHERATON AND PEGASUS HOTELS IN CENTER NEW KINGSTON. IT WILL HAVE TEN FLOORS; FIRST FIVE FLOORS TO BE OCCUPIED BY ROYAL BANK OF JAMAICA AND INDOOR PARKING, AND ALL REMAINING FLOORS OFFERED TO US, I.E. GOP FIVE FLOORS. ALSO AVAILABLE (POSSIBLY FOR JUNE OCCUPANCY) ARE 2000 NET SQUARE FEET ON GROUND FLOOR WHICH COULD BE UTILIZED BY USIS/COMMERCIAL LIBRARY, OR BY CONSULAR SECTION'S PROTECTION AND WELFARE UNIT. TOTAL SPACE AVAILABLE (INCLUDING ABOVE-MENTIONED 2000 SQUARE FEET) IS 31,000 NET SQUARE FEET USABLE OFFICE SPACE, I.E. APPROXIMATELY SAME AS IN JAMAICA MUTUAL LIFE.

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PAGE 02 KINGST 01078 122029Z

3. QUOTE PRICE FOR LEASE AND SHARED SERVICES COSTS ABOUT THE SAME AS THAT QUOTED REFTEL FOR JAMAICA MUTUAL LIFE WITH ONE MAJOR DIFFERENCE: OWNERS WILLING (UNLIKE JAMAICA MUTUAL) INCLUDE OPTION TO PURCHASE IN LEASE, AND APPLY PROPORTION OF ANNUAL LEASE TO ULTIMATE PURCHASE -- THE AMOUNT TO BE NEGOTIATED. WITHIN ANY EXERCISE OF OPTION TO PURCHASE, ROYAL BANK WOULD REMAIN IN BUILDING FOR LIFE OF ITS LEASE, BUT IT WOULD BE ONLY OTHER TENANT. LAND ON TWO SIDES AND BEHIND THIS BUILDING UNDEVELOPED AND AVAILABLE. BUILDING OWNERS STATE THEY WOULD BE WILLING TAKE UP OPTION ON SOME OF THIS LAND AND ON ENTREPRENEURIAL BASIS AT SOME FUTURE DATE BUILD AN ANNEX FOR VISA UNIT WHEN AND IF WE WISH MOVE ALL MISSION ELEMENTS INTO SAME AREA. (ALL OTHER MISSION ELEMENTS COULD BE HOUSED FOR OUTSET IN BUILDING NOW UNDER CONSTRUCTION.)

4. BUILDING AS PRESENTLY PLANNED, OR THROUGH MODERATE MODIFICATION, CAN HANDLE ALL OUR PHYSICAL AND SECURITY REQUIREMENTS, INCLUDING CONTROLLED ACCESS OF AT LEAST ONE ELEVATOR (POSSIBLY TWO), ONE STAIRWELL, AND ROOF. OWNERS PROPOSE, IF WE LEASE, BUILD EMBASSY COMMO VAULT AREA ON ROOF WITH DIRECT ACCESS BY STAIRWELL FROM TOP FLOOR, LIKE JMLC, IT WILL HAVE ITS OWN EMERGENCY WATER SUPPLY AND GENERATOR.

5. ADVANTAGES THIS BUILDING RELATIVE TO JMLC (REFTEL) APPEAR TO BE AS FOLLOWS.

A. NEGOTIATED LEASE PRICE LIKELY BE SOMEWHAT LESS THAN FOR JMLC WITH ADDED ADVANTAGE OF OPTION TO PURCHASE, AND POSSIBILITY ENTREPRENEURIAL ARRANGEMENT CONSTRUCTION OF VISA ANNEX. IN OTHER WORDS, THIS COULD BECOME A PERMANENT CHANCERY CAPABLE HOUSING ENTIRE MISSION, UNLIKE JMLC.

B. LOCATION marginally BETTER THAN JMLC.

C. INDOOR CAR PARKING FOR ALL OFFICIAL AND STAFF VEHICLES.

D. FULL CONTROL OF TOP FIVE FLOORS PLUS PART OF GROUND AREA FOR USIS/COMMERCIAL LIBRARY.

6. DISADVANTAGES RELATIVE TO JMLC APPEAR TO BE AS FOLLOWS.

A. DESPITE ASSURANCES FROM OWNER/BUILDERS--AND FROM LIMITED OFFICIAL USE

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PAGE 03 KINGST 01078 122029Z

ARCHITECT/ENGINEER--WE REMAIN UNCONVINCED OCCUPANCY CAN BE GUARANTEED BEFORE SECOND QUARTER 1977.

B. BUILDING, THOUGH MODERN AND REASONABLY WELL DESIGNED, IS NO MATCH FOR JMLC IN EITHER CONSTRUCTION OR PRESTIGE.

C. FLOORS ARE SMALLER AND OFFICE SPACE ARRANGEMENT POTENTIAL LESS FLEXIBLE THAN IN JMLC. THOUGH ADEQUATE SPACE AVAILABLE, WE WOULD BE SPREAD THROUGH MORE FLOORS WITH THE INCONVENIENCE SUCH AN ARRANGEMENT POSES.

D. BUILDING HAS NO CONFERENCE FACILITIES, AS DOES JMLC.
E. UNLIKE JMLC, THERE IS NBZPROVISION BY OWNERS FOR 24-HOUR BUILDING AND GROUNDS ARMED SECURITY GUARD SERVICE. THIS DISADVANTAGE IS OFFSET TO SOME DEGREE BY FACT ALL PARKING IS INDOORS--BUT LATTER DOES NOT EXCLUDE POSSIBILITY OF MUGGINGS, ETC. WITHIN GARAGE AREA DURING HOURS OF DARKNESS OWING FREE ACCESS TO THAT AREA FROM STREET. WE AND ROYAL BANK COULD JOINTLY AND DIRECTLY CONTRACT FOR APPROPRIATE GUARD SERVICE TO COPE WITH THIS PROBLEM.

7. IN ALLOTHER RESPECTS THEREIS LITTLE TO CHOOSE BETWEEN THE TWO BUILDINGS. ULTIMATE DECISION SHOULD BE BASEDON (A) LEASE TERMS, AND (B) REFINED OCCUPANCY ESTIMATES. WE ALSO HAVE CONFIRMED THAT IN BOTH INSTANCES QUOTED RENTAL RATES ARE NOT OUT OF LINE WITH RECENT LEASES IN MAJOR NEW OFFICE BUILDINGS ELSEWHERE IN KINGSTON. (WILL PROVED DETAILS TO JOHN GRZYBEK ON HIS ARRIVAL IN KINGSTON.) THIS DOES NOT RPT NOT MEAN WE CANNOT GET A FAR BETTER DEAL AS SUGGESTED REFTTEL; OWNERS BOTH BUILDINGS WANT US AS TENANTS AND ARE PREPARED MAKE MANY AND MAJOR CONCESSIONS, INCLUDING RATES.

8. ACTION REQUESTED. SUGGEST JOHN GRZYBEK ALSO BE AUTHORIZED TO NEGOTIATE WITH OWNERS THIS BUILDING. OWNERS THIS BUILDING AND JMLC ARE HOLDING THEIR SCHEDULES OPEN MARCH 26-29 TO MEET AS OFTEN AND WHENEVER NECESSARY. FIRST APPOINTMENT IS 1030 HOURS MARCH 26 WITH OWNERS JMLC GERARD

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